A 8600-8.54 u
5/89

COUPON FACTS, 1988

Coupon Promotions, Coupon Users, and Issues in Couponing

Newspaper Advertising Bureau, Inc.
1180 Avenue of the Americas
New York, New York 10036
212 921 5080

COUPON FACTS, 1988

Current Coupon Promotions, Coupon Users, and Issues in Couponing

This document is one of a series of marketing research reports prepared by the Newspaper Advertising Bureau, Inc., as a service to the newspaper business and its advertisers.

© Newspaper Advertising Bureau

1989

INTRODUCTION

Cents-off coupons, now a permanent fixture of American merchandising and purchasing, first appeared on the scene in 1895. But despite a long history, couponing as a promotional technique continues to evolve and change. Recent changes have occurred, for example, in the volume of coupons distributed, the media used to distribute them, and coupon redemption rates. The purpose of this report is to present recent information on the status of couponing in the United States.

This report is one of a series of updates on couponing periodically issued by the Newspaper Advertising Bureau. It contains information that has become available since the last update, Coupon Facts, 1987, was issued in October, 1987. The data presented here come primarily from surveys of consumers and marketing executives and from coupon clearing houses. Clearing house data reflect the activity of manufacturer coupons only and do not include information about "in-ad" coupons issued by individual retailers. Consumer data, on the other hand, reflect experience with both kinds of coupons.

Inquiries about couponing should be directed to Carolyn A. Eldred, the author of this report, at 212/704-4615. Orders for the report may be placed with Audrey Townsend 212/704-4565.

CONTENTS

		Page
INTRODUCTION		iii
LIST OF TABLES		vii
I.	OVERVIEW OF COUPONING ACTIVITY	1
	1. The Growth in Coupon Distribution	1
	2. Media Distribution Patterns and Trends	1
	3. Redemption Rates by Distribution Medium	4
	4. Face Values of Manufacturer Coupons	7
	5. Profile of 1987 Couponing Activity	9
II.	PATTERNS OF COUPON USE	11
	1. The Demographics of Coupon Use	11
	2. The Dynamics of Coupon Use	16
III.	CONSUMERS' RESPONSE TO ALTERNATIVE DISTRIBUTION MEDIA	19
	1. Readership of FSIs and Supermarket Ads in the Newspaper	19
	2. Consumers' Response to FSIs and Direct Mail	26
IV.	INDUSTRY TRENDS: THE MANUFACTURER'S PERSPECTIVE	31
	1. The Prevalence of Couponing as a Promotional Activity	31
	2. Media Used to Distribute Coupons	32
	3. Continued Prospects for Couponing	36
V.	CURRENT ISSUES IN COUPONING	37
	1. Trends in the Couponing Industry	37
	2. Technological and Procedural Advances	38
	3. Conceptualization and Design of the Coupon Ad	42
BIBLIOGRAPHY		45
APPENDIX A:	SOURCES FOR BUYING COUPON ADVERTISING	49
APPENDIX B:	ADDITIONAL SOURCES OF INFORMATION	51

LIST OF TABLES

Table		Page
1.	Number of Manufacturer Coupons Distributed: U.S., 1980-1987	2
2.	Percent Change in Number of Manufacturer Coupons Distributed: U.S., 1980-1987	2
3.	Media Distribution of Manufacturer Coupons, U.S., 1987	3
4.	Manufacturer Coupon Distribution, U.S., 1981-1987	4
5.	Redemption Rates for Manufacturer Coupons: Grocery Items, U.S., 1987	6
6.	Redemption Rates for Manufacturer Coupons: Health and Beauty Aids, U.S., 1987	6
7.	Redemption Rates for Manufacturer Coupons: In/On Package Coupons, U.S., 1987	7
8.	Average Face Value of Manufacturer Coupons, U.S., 1981-1987	8
9.	Face Values of Coupons Distributed, U.S., 1987	9
10.	Percent of Male and Female Homemakers Using Coupons in the Last Year	12
11.	Percent and Characteristics of Female Homemakers Using Coupons in the Last Year	13
12.	Percent of Sunday Newspaper Readers Who Read Free-Standing Inserts in the Sunday Paper	20
13.	Percent of Newspaper Readers Who Read Supermarket Ads in the Daily Paper	22
14.	Percent of Newspaper Readers Who Clipped Cents-off Coupons from the Newspaper in the Previous Three Months	24
15.	Percent of Respondents Choosing Newspapers or Direct Mail According to Selected Criteria	27
16.	Percent of Respondents Choosing Newspaper Inserts or Mailed Inserts on Selected Criteria	28
17.	Demographic Characteristics of Readers of Newspaper Inserts and Mailed Advertising	29

LIST OF TABLES (Continued)

Table		Page
18.	Percent of Companies Ranking Importance of Principal Consumer Promotions by Dollars Spent on Each	32
19.	Percent of Companies Using Each Couponing Medium	33
20.	Percent of Companies Reporting Use of Each Couponing Medium, 1983-1987	34
21.	Percent of Companies Ranking Importance of Coupon Distribution Media by Dollars Spent on Each in 1987	35
22.	Percent of Large and Small Companies Ranking Importance of Coupon Distribution Media by Dollars Spent on Each in 1987	36

I. OVERVIEW OF COUPONING ACTIVITY

1. The Growth in Coupon Distribution

The number of coupons distributed continued to increase in 1987 but at a slower rate than in previous years, according to Manufacturers Coupon Control Center (MC3) (1988a). Between 1986 and 1987, the number of coupons distributed grew from 202.6 billion to 215.2 billion, an increase of 6%. During this period, per capita distribution grew slightly, from 840 to 882, but per capita distribution since 1980 has more than doubled. More than 2000 companies now use couponing as a promotional device.

The overall 6% increase in coupon distribution in 1987 included a 9% increase in coupons for grocery products (including food and household care products) and a 4% decrease in coupons for health and beauty aids (H&BA), after many years of sustained growth (1988b). (See Tables 1 and 2.) Grocery products comprise 81% of all coupons, and health and beauty aids, 19%.

2. Media Distribution Patterns and Trends

According to MC3, newspapers accounted for more than four of every five coupons distributed in 1987, with seven-eighths of newspaper coupons distributed through free-standing inserts (FSIs) (1988a,b). Indeed, FSIs further increased their dominance of coupon distribution to 72.7% in 1987, an increase of almost three-fold since 1981. Coupons for health and beauty aids were even more likely than those for grocery products to be

Table 1

NUMBER OF MANUFACTURER COUPONS DISTRIBUTED:
U.S., 1980-1987

Year	Total	Per Person	Grocery	H&BA
1987	215.2 billion	882	173.9 billion	41.3 billion
1986	202.6 billion	840	159.4 billion	43.2 billion
1985	179.8 billion	753	145.5 billion	34.3 billion
1984	163.2 billion	691	133.5 billion	29.7 billion
1983	142.9 billion	611	118.3 billion	24.6 billion
1982	119.5 billion	516	95.5 billion	24.0 billion
1981	102.4 billion	447	79.6 billion	22.8 billion
1980	90.6 billion	399	72.8 billion	17.8 billion

Source: Manufacturers Coupon Control Center, 1988a, 1987a
Nielsen Clearing House, earlier years

Table 2

PERCENT CHANGE IN NUMBER OF MANUFACTURER COUPONS DISTRIBUTED:
U.S., 1980-1987

Years	Total	Per Person	Grocery	H&BA
1986-1987	+ 6%	+ 5%	+ 9%	- 4%
1985-1986	+13%	+12%	+10%	+26%
1984-1985	+10%	+ 9%	+ 9%	+15%
1983-1984	+14%	+13%	+13%	+21%
1982-1983	+20%	+18%	+24%	+ 3%
1981-1982	+17%	+15%	+20%	+ 5%
1980-1981	+13%	+12%	+ 9%	+28%

Source: Manufacturers Coupon Control Center, 1988a, 1987a
Nielsen Clearing House, earlier years

distributed through FSIs (80% versus 71%), while ROP advertising continued to provide a distribution medium for some grocery coupons (12% versus 3% of H&BA coupons). Over the years, the role of newspaper ROP pages, Sunday supplements in newspapers, and magazines in coupon distribution has lessened, while the role of direct mail has increased somewhat and that of FSIs, greatly. (See Tables 3 and 4.)

Table 3

MEDIA DISTRIBUTION OF MANUFACTURER COUPONS, U.S., 1987

Method	Total	Grocery	H&BA
Newspapers	83.2%	83.2%	83.1%
Daily ROP solo	5.9	6.9	1.5
Co-op	4.6	5.4	1.3
Free-standing inserts	72.7	70.9	80.3
Magazines	3.7	3.4	4.8
Direct mail	5.3	5.1	6.1
In/on pack	5.3	5.9	2.8
Other (including Sunday newspaper supplements)	2.5	2.4	3.2

Source: Manufacturers Coupon Control Center, 1988a,b

Table 4

MANUFACTURER COUPON DISTRIBUTION, U.S., 1981-1987

Method	1981	1982	1983	1984	1985	1986	1987
Newspapers	78.5%	77.9%	80.1%	82.1%	82.2%	83.7%	83.2%
Daily ROP	27.3	23.1	20.0	17.3	12.2	7.4	5.9
Co-op	17.7	15.2	12.2	10.0	8.0	7.1	4.6
Sunday supplements	7.3	6.3	4.9	3.3	2.1	1.2	n.a.
Free-standing inserts	26.2	33.3	43.0	51.5	59.9	68.0	72.7
Magazines	11.8	11.4	10.0	8.5	8.6	6.5	3.7
Direct mail	3.3	3.8	4.3	4.4	4.4	4.0	5.3
In/on pack	6.4	6.9	5.6	5.0	4.8	5.8	5.3
Other (inc. Sun. supplements)	n.a	n.a	n.a	n.a.	n.a.	n.a.	2.5

Source: Manufacturers Coupon Control Center, 1988a, 1987a
Nielsen Clearing House, earlier years

3. Redemption Rates by Distribution Medium

MC3 reports that consumers redeemed 7.15 billion coupons in 1987, around the same number they redeemed in 1986 and 3.3% of all coupons distributed in 1987 (1988a,b). While the number of coupons distributed increased 51% in the last five years, the number redeemed grew by only 29%, reaching a plateau between 1986 and 1987. According to MC3, the picture is one of an industry that has grown so rapidly and achieved such a high level of penetration that it is unlikely to continue to expand greatly. The dollar value of 1987 couponing activity included savings of $2.84 billion by consumers and $572 million paid to retailers in handling allowances.

Coupon redemption rates are greatly affected by the distribution medium used. But many other factors play a role in the success of any given coupon promotion: the face value of the coupon, degree of brand loyalty, target audience for the product, design of the ad, availability of the product, competitive activity, quality of the product, and type of product being promoted. Grocery coupons, for example, generally enjoy higher redemption rates than those for health and beauty aids, which usually cost more and have lower consumption levels. Because so many factors can affect the success of any given coupon promotion, MC3 presents not only average redemption rates by distribution medium but also a range of rates that omits the most and least successful. MC3's "mid-half redemption rate" gives the proportion of coupons redeemed at the 25th and 75th percentiles of redemption frequency, thus indicating the range of redemption rates achieved by moderately successful promotions within each distribution medium. (See Tables 5-7.)

Among print media and direct mail, only direct mail achieves higher redemption rates than FSIs in the Sunday paper, the leading mechanism for coupon distribution. The somewhat higher redemption rates for direct mail promotions are probably a function of their distributors' efforts to target prospects and upscale customers.

Product packaging also provides a vehicle for coupon distribution. Coupons may appear on a package or be included inside; they may be good for the same product or for a different one. The "instant on-pack" coupon is on the outside of the package and is good for the product inside; it is removed and redeemed "instantly" at the time of purchase. Not

Table 5

REDEMPTION RATES FOR MANUFACTURER COUPONS:
GROCERY ITEMS, U.S., 1987

Medium	MC3 Average	Mid-Half Redemption Rate
Newspaper:		
ROP solo	2.1%	0.8% - 3.3%
Co-op	1.9	0.7 - 3.2
Sunday supplement	1.2	0.6 - 1.8
Sunday insert	3.6	2.1 - 5.5
Magazines:		
On page	1.8	0.8 - 2.6
Pop up/insert	3.6	2.0 - 5.4
Direct mail	5.8	3.4 - 9.6

Source: Manufacturers Coupon Control Center, 1988a

Table 6

REDEMPTION RATES FOR MANUFACTURER COUPONS:
HEALTH AND BEAUTY AIDS, U.S., 1987

Medium	MC3 Average	Mid-Half Redemption Rate
Newspapers:		
ROP solo	0.6%	0.2% - 1.2%
Co-op	0.9	0.3 - 1.8
Sunday insert	1.8	1.1 - 2.7
Magazines:		
On page	0.6	0.2 - 1.1
Pop up/insert	1.7	1.2 - 2.6
Direct mail	3.3	1.4 - 5.4

Source: Manufacturers Coupon Control Center, 1988b

Table 7

REDEMPTION RATES FOR MANUFACTURER COUPONS:
IN/ON PACKAGE COUPONS, U.S., 1987

	Groceries		Health and Beauty Aids	
Coupon Type	MC3 Average	Mid-Half Redemption Rate	MC3 Average	Mid-Half Redemption Rate
Regular in-pack	14.0%	5.8% - 22.9%	7.8%	3.7% - 12.6%
Regular on-pack	12.9	6.0 - 23.7	8.0	3.8 - 12.9
Cross in-pack	4.6	2.2 - 6.9	2.4	1.3 - 3.9
Cross on-pack	3.8	1.9 - 6.0	4.2	2.2 - 6.5
Instant on-pack	31.0	15.4 - 52.3	30.2	15.3 - 47.7

Source: Manufacturers Coupon Control Center, 1988a,b

surprisingly, the instant on-pack coupon enjoys the highest redemption rates for in/on-pack coupons (although more than two-thirds of these coupons are not redeemed). And, coupons for the same product as that containing the coupon ("regular" promotions) achieve higher redemption rates than those for different products ("cross" promotions), no doubt because the former are reaching consumers known to use the product.

4. Face Values of Manufacturer Coupons

The average face value of manufacturer coupons has increased steadily throughout the 1980s. (See Table 8.) But when adjusted for inflation, face values were relatively flat in the early 1980s. Since 1983 and 1984, however, increases in the face value of coupons have outstripped inflation, and coupons are now worth substantially more in constant dollars than at the start of the decade. According to MC3 (1988a,b,), compared to the base year of 1979 (with an index of 100), the

average index for the Consumer Price Index (CPI) in 1987 was 166.2 as against face value indices of 198.2 for grocery products and 240.0 for health and beauty aids. Between 1986 and 1987, the CPI increased 4%, while the average face value of grocery product coupons increased 14% and the average face value of health and beauty aids remained constant.

Table 8

AVERAGE FACE VALUE OF MANUFACTURER COUPONS, U.S., 1981-1987

	Groceries		Health & Beauty Aids	
Year	Face Value	Percent Change	Face Value	Percent Change
1987	33.9 cents	+14%	45.1 cents	N/C
1986	29.8 cents	+ 9%	45.1 cents	+18%
1985	27.3 cents	+4%	38.3 cents	+12%
1984	26.2 cents	+ 9%	34.3 cents	+18%
1983	24.1 cents	+11%	29.0 cents	+18%
1982	21.7 cents	+10%	26.1 cents	+ 8%
1981	19.8 cents	--	24.2 cents	--

Source: Manufacturers Coupon Control Center, 1988a,b; 1987a,b
Nielsen Clearing House, earlier years

As shown in Tables 8 and 9, the face values of coupons for health and beauty aids have historically been higher than those for grocery products, and they remain so. The most popular single face value for health and beauty aids coupons is 50 cents, while for grocery products it is 25 cents.

Table 9

FACE VALUES OF COUPONS DISTRIBUTED, U.S., 1987

Face Value	Percent of Coupons For: Groceries	Health and Beauty Aids
10 - 20 cents	26.2%	4.4%
25 cents	27.6	22.6
30 - 45 cents	24.8	29.0
50 cents	13.5	27.9
55 - 95 cents	4.2	7.5
One dollar or more	3.7	8.6

Source: Manufacturers Coupon Control Center, 1988a,b

5. Profile of 1987 Couponing Activity

According to Summary Scan, a division of the Advertising Checking Bureau (Hume, 1988a), the most likely product categories for coupon promotion in 1987 were: health and beauty aids, 19% of all coupons; prepared foods, 10%; frozen and refrigerated foods, 10%; pet foods, 8%; household products, 8%; cereals, 8%; and beverages, 7%. The largest coupon drop was in November (11% of all coupons), and the smallest in December (4%). In analyzing 35,000 promotional ads run in 1987, Summary Scan found that 31% were straight coupon ads, 27% included refunds or sweepstakes, 27% contained special offers but no coupon, and 15% promoted a new or improved product.

II. PATTERNS OF COUPON USE

1. The Demographics of Coupon Use

Couponing enjoys widespread acceptance from consumers and is no longer confined to the most thrifty. In a recent survey (Hume, 1988b), 83% of respondents agreed that coupons increase the value of shopping dollars and 73% said that couponing is something that they would like their favorite brand to do. Coupons were far more popular with consumers than other promotions like sweepstakes, contests, mail-in rebates, or multi-brand tie-ins, all of which may be regarded by shoppers as too demanding of time and effort. In another survey, 47% of consumers said that they have a better attitude toward grocery products that use promotions, while just 3% think less of a product that is discounted (Frankel & Company, 1988). These findings run counter to the position that price promotions may jeopardize brand equity.

The Mediamark Research, Inc. (MRI) syndicated data base includes information on coupon use by homemakers, that is, the person in a household who does most of the shopping for groceries and household items. Not only do female homemakers outnumber male homemakers four to one, but they are also much more likely to use coupons. (See Table 10.) Overall, 65% of homemakers used coupons in the last year, but, as shown in Table 10, just 47% of male homemakers did so, as compared with 70% of female homemakers.

Female homemakers are clearly the predominant coupon-using group, and their characteristics are displayed in Table 11. As shown in the table,

Table 10

PERCENT OF MALE AND FEMALE HOMEMAKERS USING COUPONS IN THE LAST YEAR

	Coupon Use*				From Newspaper
	Any	Heavy	Medium	Light	
All homemakers	65%	22%	20%	24%	54%
Men	47	16	15	16	39
Women	70	24	21	25	58

Source: Mediamark Research, Inc. 1988 Spring MRI

*Heavy use is 12 or more times in previous three months; medium use is 4 to 11 times; and light use is 3 or fewer times.

coupons were used by the majority of female homemakers in every demographic category. At 85%, women who work part-time have the highest rate of coupon use. In addition, coupon use is highest during the middle years, between ages 35 and 54, and among larger households. Coupon use increases with education and income but drops off slightly in households earning $50,000 a year or more. (Better educated and higher income households have greater access to coupons because they include more newspaper readers and are more often targeted for direct mail promotions.) Coupon use is higher in the Northeast and Midwest than in the South and West, and it is lower in non-metropolitan areas than in cities and suburbs.

No doubt because of the important role played by FSIs in coupon distribution, the great majority of those who have used coupons in the

Table 11

PERCENT AND CHARACTERISTICS OF FEMALE HOMEMAKERS USING COUPONS IN THE LAST YEAR

	Coupon Use*				From Newspaper
	Any	Heavy	Medium	Light	
All female homemakers	70%	24%	21%	25%	58%
By age					
18-34	69	22	22	25	58
35-44	75	28	22	25	63
45-54	74	25	22	27	63
55-64	65	22	18	25	54
65+	66	23	18	25	54
By race					
White	72	25	22	25	60
Black	57	12	17	28	50
By ethnicity					
Spanish-speaking	63	17	19	27	53
By household size					
One	62	17	17	29	48
Two	69	23	24	23	59
Three to four	71	26	20	26	59
Five or more	75	27	22	27	67
By household income					
Under $10,000	57	15	17	25	43
$10 - 19,999	66	18	23	25	53
$20 - 29,999	73	27	18	28	63
$30 - 39,999	74	24	25	25	65
$40 - 49,999	77	31	24	22	64
$50,000 or more	74	28	19	27	62
By marital status					
Married	73	26	22	25	63
Single	74	21	23	31	57
Other	62	20	17	25	50

(Continued)

*Heavy use is 12 or more times in previous three months; medium use is 4 to 11 times; and light use is 3 or fewer times.

Table 11 (continued)

	Coupon Use*				From Newspaper
	Any	Heavy	Medium	Light	
By employment status					
Full-time work	71	23	22	27	59
Part-time work	85	25	29	30	73
No work outside home	67	25	18	24	56
By education					
Not high school grad	60	18	16	25	49
High school grad	72	26	22	25	62
Some college	70	21	22	28	56
College grad	75	27	23	24	64
By region					
Northeast	80	32	21	27	71
Midwest	77	27	25	25	67
South	63	22	18	23	51
West	65	15	22	29	48
By metro area					
Non-metro	63	17	21	25	49
Suburb	72	27	21	24	61
Central city	73	25	20	27	62

Source: Mediamark Research, Inc.
1988 Spring MRI

last year say that they used coupons from newspapers: 58% of female homemakers, or 83% of those who use coupons, obtained coupons from the newspaper. For female homemakers in most demographic categories, the use of coupons from the newspaper closely parallels coupon use in general. However, black, large, and higher income households that use coupons are even more likely than other coupon-using households to use coupons obtained from the newspaper.

Some demographic groups are of particular interest to marketers. For instance, while the MRI data are based on adults 18 years of age or older, Seventeen Magazine found that 44% of teenage girls also use coupons (Seventeen Magazine, 1988).

Hispanics are another group of interest. Donnelley Marketing (1988a) reports high levels of coupon use among the upscale recipients of its Carol Wright Hispanic mailings, but their figures may overestimate that of the general Hispanic population in the U.S. Hernandez (1988) notes a common belief that Hispanics are disinclined to use coupons, but he cites estimates of Hispanic coupon use that rival that of other groups. He believes that survey responses suggesting that Hispanics are reluctant to use coupons are the result of respondents confusing cents-off coupons with USDA food stamps, and his own research suggests that when the definitional issues are clarified Hispanics are inhibited only by such institutional barriers as lessened access to coupons. The MRI data in Table 11 show coupon usage for Spanish-speaking female homemakers that is less than that of whites but greater than that of blacks.

2. The Dynamics of Coupon Use

A number of studies shed light on the dynamics of coupon use. Not surprisingly, heavy users, while representing a minority of households, account for the vast majority of coupons used. Shababb (1987) reports that 25% of households are heavy users, who redeem an average of four coupons a week; 55% are light users, who redeem an average of one coupon a week; and 20% are non-users. Heavy users account for 72% of coupons redeemed, while light users account for just 28%. Households that are heavy users are the most likely to maintain a file of coupons and to use coupons out of inventory.

Bawa and Shoemaker (1987) examined the response of consumers to coupon promotions within a framework that considered the opportunity costs incurred by customers in handling coupons and their willingness to "substitute" or purchase a non-preferred brand. They observed that a coupon promotion for a mature brand does lead to a short-term increase in the brand's purchase share, but that this increase is largely a function of redemption purchases. While the few nonusers of the product who redeem coupons do appear to show an increased probability of purchasing the product in the future, their numbers are small, and consequently their effect on aggregate purchasing patterns is also small. Not surprisingly, the least likely households to respond to a coupon promotion are those who do not normally purchase the promoted brand and who are consistent purchasers of a competing brand. The authors caution that it may be unrealistic to expect large-scale brand switching as a result of a coupon promotion for a mature brand.

As background for their study of the motivational factors affecting coupon use, Babakus et al. (1988) considered how coupon use varies among demographic groups. Coupon use increases with income up to a point and then flattens out at the highest income levels, for example. At the same time, employed women with young children are less "deal prone" than other consumers. Based on such patterns, the authors posited three motivational themes that might encourage or discourage coupon use: (1) price consciousness, (2) the perceived value of one's time, and (3) the pride and self-satisfaction derived from coupon use. The research demonstrated that the three motivational factors do affect coupon use in predictable ways. The most important is the consumer's pride and satisfaction in using coupons, coupled with price consciousness. The time and effort to collect, organize, and redeem coupons is an obstacle to coupon use, however, with consumers who place high value on their time less likely to engage in couponing. The authors suggest increasing the salience of the "accomplishment" theme, using higher face values and double couponing promotions to increase store traffic, and working to decrease the time and effort involved in couponing, by using free-standing inserts, for example.

Clayton/Curtis/Cottrell's (1987) typology of coupon users and non-users reflects many of the issues discussed above. Coupon users include the following types:

- Brand buyers (low usage): use coupons only for the brands they are loyal to; not concerned about face value and tend not to compare prices.
- Persuadable purchasers (moderate usage): do not use coupons to save money but enjoy getting a bargain; they compare prices and calculate savings from coupon use.

- Shrewd shoppers (high usage): use coupons to save money; are not brand loyal but are unlikely to try a new product just because they have a coupon for it.

- Compulsive clippers (very high usage): view couponing as an end in itself; do not calculate savings or compare prices; are not brand loyal; stock up on couponed items whether they need them or not. They may belong to coupon clubs, exchange coupons with friends and relatives, and make use of the coupon bin for unused coupons at the grocery store.

Clayton/Curtis/Cottrell's typology of non-users includes the following groups of consumers:

- Nippers, or noninvolved prior users: former coupon users who no longer use coupons because they view them negatively (e.g., as inflationary).

- Ninnies, or noninvolved never users: persons who view grocery shopping as just another task and have no interest in even looking at the coupons that make their way into their homes.

- Nuppies, or nonuser yuppies: persons who view coupon users and couponing with disdain.

III. CONSUMERS' RESPONSE TO ALTERNATIVE DISTRIBUTION MEDIA

1. Readership of FSIs and Supermarket Ads in the Newspaper

The growth of FSIs in newspapers as a medium for the distribution of coupons has been accompanied by considerable consumer acceptance. The Newspaper Advertising Bureau's 1987 readership survey showed that nearly half of Sunday newspaper readers (46%) read FSIs regularly and another 26% read them now and then. (See Table 12.) Regular readership of FSIs is highest in the 25-54 age group, is much higher among women than men, and is somewhat higher in larger households than in small.

More than half of readers (58%) read supermarket ads in their daily paper, which may appear either on ROP pages or in advertising inserts. (See Table 13.) Readership of supermarket ads is much higher among women than men, with 70% of working women and 81% of homemakers reading supermarket ads. Readership of supermarket ads also increases with age and is higher among blacks than whites; it decreases with income, education, and the circulation of the newspaper usually read.

More than half of readers (56%) clipped coupons from the newspaper during the last three months, whether from FSIs or ROP ads. (See Table 14.) Women and older persons were more likely, and never-married persons less likely, than others to do so.

Table 12

PERCENT OF SUNDAY NEWSPAPER READERS
WHO READ FREE-STANDING INSERTS IN THE SUNDAY PAPER

	Read FSIs Regularly	Read FSIs Now & Then	Put FSIs Aside
Sunday readers (N=1398)	46%	26%	24%
By sex			
Men	34	28	35
Women	57	24	14
By age			
18 - 24	43	26	28
25 - 29	50	29	17
30 - 34	47	28	20
35 - 44	51	24	21
45 - 54	48	24	23
55 - 64	39	22	31
65+	41	28	27
By race			
White	46	25	24
Black	51	32	15
By marital status			
Married	48	25	23
Divorced/widowed/separated	42	27	23
Single	42	27	29
By household size			
One	39	30	25
Two	41	26	29
Three or more	49	25	21
Child under 18 in home	51	25	19
By income			
Under $10,000	50	23	24
$10 - 14,999	45	28	21
$15 - 24,999	48	25	22
$25 - 39,999	47	25	22
$40,000 or more	46	26	25
By education			
Not high school grad	47	25	24
High school grad	49	23	22
Some college	44	30	22
College grad	42	26	29

(Continued)

Table 12 (continued)

	Read FSIs Regularly	Read FSIs Now & Then	Put FSIs Aside
Employed persons	45%	27%	24%
Working women	57	24	14
Homemakers	61	23	11
By region			
Northeast	48	24	27
North central	52	22	20
South	47	26	21
West	36	32	30
By metro area			
Non-metro	43	22	27
50 - 249,000	52	26	16
250 - 999,000	49	27	19
1 million or more	42	26	28
By newspaper readership			
Frequent reader*	46	25	23
Infrequent reader*	45	26	24
By newspaper delivery			
Any home delivery	47	26	22
Ever buy single copy	45	28	24
By newspaper circulation**			
Under 25,000	45	24	19
25 - 50,000	51	26	20
50 - 100,000	49	26	22
100 - 250,000	48	22	25
250,000 or more	37	29	30

Source: Newspaper Advertising Bureau
1987 National Readership Survey

---

*Frequent readers read the newspaper four or five or the five weekdays preceding the survey; infrequent readers look at the paper at least once in awhile.

**Circulation of newspaper usually read.

Table 13

PERCENT OF NEWSPAPER READERS
WHO READ SUPERMARKET ADS IN THE DAILY PAPER

	Percent Who Read Supermarket Ads
Newspaper readers (N=1702)	58%
By sex	
Men	40
Women	73
By age	
18 - 24	44
25 - 29	59
30 - 34	57
35 - 44	56
45 - 54	56
55 - 64	62
65+	69
By race	
White	56
Black	71
By marital status	
Married	59
Divorced/widowed/separated	66
Single	45
By household size	
One	67
Two	58
Three or more	56
Child under 18 in home	59
By income	
Under $10,000	70
$10 - 14,999	66
$15 - 24,999	64
$25 - 39,999	53
$40,000 or more	45
By education	
Not high school grad	69
High school grad	62
Some college	52
College grad	45

(Continued)

Table 13 (continued)

	Percent Who Read Supermarket Ads
Employed persons	52%
Working women	70
Homemakers	81
By region	
Northeast	56
North central	59
South	61
West	53
By metro area	
Non-metro	60
50 - 249,000	60
250 - 999,000	61
1 million or more	53
By newspaper readership	
Frequent reader*	58
Infrequent reader*	57
By newspaper delivery	
Any home delivery	60
Ever buy single copy	56
By newspaper circulation**	
Under 25,000	67
25 - 50,000	63
50 - 100,000	57
100 - 250,000	55
250,000 or more	54

Source: Newspaper Advertising Bureau
1987 National Readership Survey

---

*Frequent readers read the newspaper four or five or the five weekdays preceding the survey; infrequent readers look at the paper at least once in awhile.

**Circulation of newspaper usually read.

Table 14

PERCENT OF NEWSPAPER READERS WHO CLIPPED CENTS-OFF COUPONS FROM THE NEWSPAPER IN THE PREVIOUS THREE MONTHS

	Percent Who Clipped Coupons in the Last Three Months
Newspaper readers (N=836)	56%
By sex	
Men	40
Women	71
By age	
18 - 24	42
25 - 29	56
30 - 34	58
35 - 44	52
45 - 54	59
55 - 64	61
65+	62
By race	
White	56
Black	57
By marital status	
Married	60
Divorced/widowed/separated	60
Single	39
By household size	
One	62
Two	58
Three or more	53
Child under 18 in home	58
By income	
Under $10,000	61
$10 - 14,999	54
$15 - 24,999	62
$25 - 39,999	53
$40,000 or more	53
By education	
Not high school grad	64
High school grad	57
Some college	53
College grad	49

(Continued)

Table 14 (continued)

	Percent Who Clipped Coupons in the Last Three Months
Employed persons	51%
Working women	67
Homemakers	80
By region	
Northeast	51
North central	62
South	57
West	50
By metro area	
Non-metro	50
50 - 249,000	58
250 - 999,000	61
1 million or more	55
By newspaper readership	
Frequent reader*	56
Infrequent reader*	55
By newspaper delivery	
Any home delivery	57
Ever buy single copy	54
By newspaper circulation**	
Under 25,000	54
25 - 50,000	59
50 - 100,000	62
100 - 250,000	62
250,000 or more	50

Source: Newspaper Advertising Bureau
1987 National Readership Survey
(Form A Questionnaire)

---

*Frequent readers read the newspaper four or five or the five weekdays preceding the survey; infrequent readers look at the paper at least once in awhile.

**Circulation of newspaper usually read.

Frequent newspaper readers are rather similar to infrequent readers with respect to all of the measures considered in this section: readership of FSIs, readership of supermarket ads, and coupon clipping from newspapers. In addition, those who have home delivery of a newspaper are quite similar to those who purchase a single copy (at least occasionally) with respect to the various measures.

2. Consumers' Response to FSIs and Direct Mail

Another study by the Newspaper Advertising Bureau (1987b) examined the advertising mail received by American households and also asked respondents to compare newspaper advertising with direct mail promotions. On a single day, 5% of the advertising mail delivered to American households contained coupons (national direct), with higher income households receiving more advertising mail, including coupons, than lower income households. But households that receive more advertising mail also throw out a higher proportion of it, although coupons are more likely to be saved than some other types of advertising mail. Overall, when asked to compare mailed advertising with newspaper advertising, respondents endorsed newspaper advertising, as shown in Table 15.

Table 15

PERCENT OF RESPONDENTS CHOOSING NEWSPAPERS OR DIRECT MAIL ACCORDING TO SELECTED CRITERIA

Criterion	Newspapers	Direct Mail
Makes it easier to compare prices at different stores	78%	19%
Helps me to decide where to shop	77	18
Advertises the kinds of products I'm most interested in buying	65	29
Gets me when I'm in the mood to read	62	34
Makes products look a lot better than they are	28	66

Source: Newspaper Advertising Bureau, 1987a

The St. Petersburg Times (1988) surveyed its four-county readership area and also asked respondents to compare inserts they find in their newspaper with advertising inserts they receive through the mail. (See Tables 16 and 17.) While the majority of adults in all demographic categories read both newspaper inserts and mailed inserts, one and one-half times as many adults thoroughly read newspaper inserts as thoroughly read mailed inserts. And, as shown in Table 16, newspaper inserts are viewed as more accessible, complete, and helpful by an overwhelming majority.

Table 16

PERCENT OF RESPONDENTS CHOOSING NEWSPAPER INSERTS OR MAILED INSERTS ON SELECTED CRITERIA

Criterion	Newspaper Inserts	Mailed Inserts
Which are more valuable to you in planning your shopping?	74%	8%
Which are easier to find when you want them?	73	12
Which advertises the kinds of products you're most interested in?	73	8
Which offers a more complete assortment of ads?	81	7
Which makes it easier to compare prices at different stores?	84	4

Source: St. Petersburg Times (1988)

Table 17

DEMOGRAPHIC CHARACTERISTICS OF READERS OF NEWSPAPER INSERTS AND MAILED ADVERTISING

	Percent Who Read:	
	Newspaper Inserts	Mailed Advertising
All respondents (N=890)	80%	72%
By sex		
Men	72	64
Women	87	80
By age		
18-34	86	78
35-49	83	70
50-64	73	70
65+	77	71
By household income		
Under $20,000	82	77
$20 - 34,999	84	77
$35 - 49,999	82	69
$50,000 or more	74	63
By education		
Not high school grad	75	77
High school grad	82	76
Some college	85	75
College graduate	75	63
Employed persons	82	71
Homeowners	81	72

Source: St. Petersburg Times (1988)

IV. INDUSTRY TRENDS: THE MANUFACTURER'S PERSPECTIVE

1. The Prevalence of Couponing as a Promotional Activity

Donnelley Marketing has for many years been surveying marketing executives who are responsible for a large portion of sales promotions for nondurable goods and services in the U.S. Its 10th Annual Survey of Promotional Practices (1988b) provides a snapshot of couponing from the perspective of manufacturers of a variety of grocery products and health and beauty aids.

Couponing as a promotional activity is nearly universal: 96% of the surveyed firms used couponing (consumer direct) in 1987, up slightly from 94% in 1985. More than half also use couponing in retailers' ads (57% in 1987, 53% in 1985). While firms with sales of $1 billion or more are virtually identical to smaller firms in their use of couponing-consumer direct, more larger firms also place coupons in retailers' ads (64% versus 52%).

Donnelley also asked manufacturers about the importance of various promotional techniques based on total expenditures for each. Table 18 displays this information. In 1987, couponing (consumer direct) was the single most important promotional activity for two-thirds of the manufacturers; it ranked among the top three most important for 85% of the firms. These figures represent a modest increase in the role of couponing for these firms since 1985. Couponing in retailers' ads is rarely the leading promotional activity, but it ranks among the top three for about one firm in seven.

Table 18

PERCENT OF COMPANIES RANKING IMPORTANCE OF PRINCIPAL CONSUMER PROMOTIONS BY DOLLARS SPENT ON EACH

Promotion	1987 Most Important	1987 1st, 2nd or 3rd Most Important	1985 Most Important	1985 1st, 2nd or 3rd Most Important
Couponing, consumer direct	66%	85%	62%	77%
Cents-off promotions	18	49	21	46
Money-back offers/ cash refunds	4	57	3	62
New product sampling	4	23	3	21
Couponing in retailers' ad	3	14	3	17
Established product sampling	3	13	3	13

Source: Donnelley Marketing 10th Annual Survey of Promotional Practices (1988b)

2. Media Used to Distribute Coupons

Manufacturers use a variety of media for coupon distribution, most notably FSIs, in/on-pack distribution, and direct mail. (See Table 19.) Between 1986 and 1987, the surveyed firms increased their use of direct mail and de-emphasized couponing in magazine ads. Large and small firms are equally likely to use FSIs, but larger firms otherwise employ a

greater variety of distribution media. The greater use of manufacturers' ads in newspaper ROP sections, magazines, and Sunday supplements, in particular, differentiates larger firms from smaller firms. Table 20 summarizes the choice of media for coupon distribution reported by firms participating in Donnelley's surveys over the last five years. The increasing importance of FSIs discussed earlier in this report is supported by these data as well.

Table 19

PERCENT OF COMPANIES USING EACH COUPON MEDIUM

Medium	1987	1986	1987 Largest Firms*	1987 Smaller Firms*
Newspaper, FSI	94%	94%	96%	95%
In-pack/on-pack	94	93	100	88
Direct mail	82	77	88	71
Newspaper, ROP, manufacturer's ad	74	75	96	62
Newspaper, ROP, co-op	72	74	84	69
Magazines	65	71	88	59
Newspaper retailer in-ad	57	56	64	50
Sunday supplements	49	50	68	38

Source: Donnelley Marketing 10th Annual Survey of Promotional Practices (1988b)

*Annual sales volume of largest firms, $1 billion or more, of smaller firms less than $1 billion.

Table 20

PERCENT OF COMPANIES REPORTING USE OF EACH COUPONING MEDIUM, 1983-1987

Medium	1987	1986	1985	1984	1983
Newspaper, FSI	94%	93%	92%	88%	87%
In-pack/on-pack	94	90	84	86	87
Direct mail	82	78	86	82	79
Newspaper, ROP, manufacturer's ad	74	73	71	75	79
Newspaper, ROP, co-op	72	79	79	74	72
Magazines	65	67	67	63	76
Newspaper retailer in-ad	57	45	51	38	50
Sunday supplements	49	40	55	48	59

Source: Donnelley Marketing Annual Surveys of Promotional Practices for 1983, 1984, 1985, 1986, and 1987 (in 1988b)

FSIs are also the leader when expenditures for the various distribution media are considered. For 79% of manufacturers, FSIs in newspapers are the most important distribution medium, and for 93% one of the three most important media. (See Table 21.) Direct mail, in/on-pack, and newspaper ROP co-op are frequent runners-up in the second and third most important positions. The allocation of resources to various coupon distribution media varies with the size of the firm. (See Table 22.) FSIs are somewhat less important, and newspaper ROP co-op much less important, for small firms than for large firms. Direct mail, on the other hand, is more important for smaller firms.

Table 21

PERCENT OF COMPANIES RANKING IMPORTANCE OF COUPON DISTRIBUTION MEDIA BY DOLLARS SPENT ON EACH IN 1987

Medium	Most Important	2nd Most Important	3rd Most Important
Newspaper, FSI	79%	12%	2%
Direct mail	7	27	12
Sunday supplements	7	2	2
In-pack/on-pack	3	27	29
Newspaper, ROP, manufacturer's ad	2	4	13
Newspaper, ROP, co-op	2	21	19

Source: Donnelley Marketing 10th Annual Survey of Promotional Practices (1988b)

Table 22

PERCENT OF LARGE AND SMALL COMPANIES RANKING IMPORTANCE OF COUPON DISTRIBUTION MEDIA BY DOLLARS SPENT ON EACH IN 1987

	Largest Firms		Smaller Firms	
Medium	Most Important	1st, 2nd or 3rd Most Important	Most Important	1st, 2nd or 3rd Most Important
Newspaper, FSI	88%	96%	76%	92%
Direct mail	4	40	10	51
Sunday supplements	0	0	10	14
In-pack/on-pack	4	56	2	60
Newspaper, ROP, manufacturer's ad	4	20	0	17
Newspaper, ROP, co-op	0	60	0	26

Source: Donnelley Marketing 10th Annual Survey of Promotional Practices (1988b)

3. Continued Prospects for Couponing

In projecting the dollar value of couponing as a promotional technique throughout the remainder of 1987, 58% of firms predicted that they would make more use of couponing, 17% predicted less, and 25% predicted no change. Historically, the answers to this question in the promotional practices surveys have modestly understated actual couponing activity for the year in question.

V. CURRENT ISSUES IN COUPONING

1. Trends in the Couponing Industry

Consolidation

1988 saw a further consolidation of the FSI industry (Gersh, 1988a,c; Petersen, 1988; Serafin, 1988). Rupert Murdoch's News America purchased Quad/Marketing and Product Movers, the second and third ranking FSI companies, respectively. While Quad and Product Movers are to remain distinct organizations at least for the immediate future, their combined share now slightly exceeds that of Valassis, the prior industry leader. Competition within the industry drove the three firms' combined number of insert dates to 125 in 1988, but the industry plans a return to around 105 dates in 1989.

Competition from National Color ROP Ads

FSIs will now face competition from the Four Color Newspaper Network, which has begun to offer high quality, color ROP coupon ads to national advertisers (Editor & Publisher, 1988; New York Times, 1988). The Network, which is represented by Gannett National Newspaper Sales, includes 270 member papers (some Gannett, some not), all of which must pass a quality control production test. The Network, whose member papers have a combined circulation of 26 million, offers national advertisers one-stop shopping combined with regional variation. Advertisers must buy

a minimum circulation of one million, but there are no restrictions on which papers are used. Some advertisers who have already mounted coupon promotions through the Four-Color Advertising Network include American Tobacco, Borden, Brown & Williamson, Campbell Soup Co., Clorox, General Mills, Kraft, Land-O-Lakes, Pepsico, Philip Morris, Procter & Gamble, and RJR/Nabisco.

"Partnership Pages"

Still another innovation was announced by Quad/Marketing at the 1988 meeting of the International Newspaper Advertising and Marketing Executives (Gersh, 1988b). Under this plan, called "Partnership Pages," newspapers will be offered two pages per FSI to sell non-competitive advertising at their own rates.

2. Technological and Procedural Advances

A variety of advances are occurring that promise to improve the efficiency of coupon handling, minimize misredemption and coupon payment denial, target coupons to likely prospects, and address retailer concerns about the impact of couponing on their operations.

Electronic Scanners

One development is the increasing use of electronic scanners in supermarkets and the presence of UPC symbols on coupons. In a recent

study by the Newspaper Advertising Bureau (1988), a panel representing the grocery industry -- manufacturing and distribution, wholesale and retail -- predicted that 75% of all manufacturers' price-off coupons will be UPC scanned by 1995. Currently about 70% of coupons carry a Universal Product Code (UPC) and 17% also carry additional manufacturer bar-coded marketing data. Expiration dates are not now generally included in the bar codes, but they are expected to be incorporated in the future.

But the use of scanners for coupon redemption is limited by the imperfect penetration of scanners into grocery stores (Nielsen Marketing Research, 1988). The number of grocery stores with scanners grew rapidly in the early 1980s, with an annual growth rate of 56% in 1981 and 42% in 1982. But as the pool of non-scanning stores has shrunk, the rate of growth has leveled off -- to 11% in 1987 and a projected 9% in 1988 and 8% in 1989. Nationwide, scanning grocery stores represent 62% of estimated dollar all commodity volume. But the prevalence of scanners varies greatly from city to city and is higher in large stores than in small ones. For example, Denver, the leading scanning market, has more than three times the scanning activity of Charlotte, where scanning is relatively rare (74% versus 23% of all commodity volume). While supermarkets with volumes over $4 million have even higher rates of scanning than the group as a whole, geographic variation remains great, with Charlotte at the bottom of the list (35% of dollar all commodity volume) and Jacksonville at the top (90%).

Scanners can both speed the processing of coupons and minimize misredemption (Audit Bureau of Circulations, 1988b). When used at the

check-out line, scanners can automatically confirm that the promoted product is purchased (including a check on size, quantity, or other special requirements) and can compute the refund due the customer. Manufacturers estimate that these efficiences translate into savings of three to five cents per coupon in retailers' handling costs and additional savings from the lessened likelihood of misredemption.

The "Coupon Eater"

Other point-of-sale innovations are also in the pipeline. One is an electronic "coupon eater" that was described at the Audit Bureau of Circulations' 1988 Coupon Forum. The coupon eater will check the validity of coupons offered by a customer, calculate savings, make records of the transactions (which are summarized for reimbursement purposes), and then destroy the coupons. Where sophisticated point-of-sale systems already exist, however, the coupon-eater may be largely redundant.

The Coupon Check

Another innovation is the "coupon check," which can be deposited directly to a retailer's bank account rather than being reimbursed through a clearing house (Graham, 1988). Retailers are thus reimbursed more quickly, and manufacturers get quicker feedback on the success of their promotions. But because coupon checks are real checks, they must be printed in accordance with Federal Reserve requirements to discourage counterfeiting, thus making coupon checks somewhat more expensive to produce than traditional coupons.

In-store Coupon Dispensers

Coupon dispensers in the supermarket are another innovation. One variation is the Vision 1000 interactive supermarket checkout system recently tested by Procter and Gamble (Gallagher Report, 1988). The system allows customers to choose between a cash refund, a discount on bulk purchases, and entry into product sweepstakes. In the future, Vision 1000 may include a means for rewarding brand loyal customers through the use of a "smart card" that would electronically track the consumer's purchase patterns. Another variation on checkout distribution of coupons is the "Coupon Solution," which the Catalina Marketing Corporation has installed in about 1500 supermarkets nationwide (Kessler, 1988). This scanner based system analyzes the customer's purchases and then issues coupons targeted to the kind of customer suggested by the purchase pattern. Coupons may be issued for competing brands of the product the customer purchases or for related products.

A Data Bank of Eligible Retailers

Other developments are designed to minimize the problems of misredemption and coupon payment denial. A central list is now being assembled of retailers eligible to redeem coupons (Audit Bureau of Circulations, 1988a). While individual manufacturers have often compiled their own lists, the central list will be more efficient and complete. The list will include information about the size of the store and the

types of products sold, which will aid in evaluating retailers' redemption claims. Other efforts are underway among clearing houses and manufacturers to evaluate redemption claims more systematically, to make prompt payment for properly redeemed coupons, and to communicate more effectively with retailers about questionable claims.

Security Provisions

Maximizing the physical security of coupons and keeping careful records also work against misredemption. The Audit Bureau of Circulations Coupon Distribution Verification Service (n.d.) recommends careful supervision of persons involved in the printing, insertion, and distribution of FSIs. It further recommends secure storage of FSIs and careful accounting and record keeping at every stage of the printing and distribution process. Unsold newspapers, including inserts, should be disposed of properly or returned to the plant, where the inclusion of inserts can be verified and the inserts destroyed. And, negatives, artwork, and printing plates containing coupons should be stored securely and then destroyed after publication.

3. Conceptualization and Design of the Coupon Ad

Purpose of the Coupon Ad

Like any ad, the coupon ad should be driven by its intended purpose. Depending on the promoted product and its status in the marketplace, the purpose of a promotion might include a short-term increase in sales,

product trials, brand switching, or an increase in the number of stores carrying the product.

It is clear that coupon ads increase product sales over the short run. A Newspaper Advertising Bureau (1987b) analysis of NABSCAN data on 50 ROP ads appearing between 1981 and 1984 showed that the typical coupon ad resulted in a median sales increase of 40% during the week the coupon appeared over the level of the previous week. And, in three-quarters of the cases, sales continued at an above average level the folowing week. Whether a coupon promotion has more enduring effects, however, may depend on other factors, such as whether the promotion is for a mature brand or a new product, as well as the message and overall design of the ad.

Creativity and Design

Creativity and design are as important in coupon ads as they are in other forms of advertising. Since ad coupons redeeming at the 75th percentile generally do three to four times better than those redeeming at the 25th percentile in the same medium, the quality of the ad probably makes a difference. Landsman (1984) recommends that coupon ads contain strong graphics, have inviting headlines, keep their message simple, and not downplay the inclusion of coupons. Based on its research on the readership of coupon ads, Donnelley Marketing (n.d.) recommends showing the product in use (or the results of use), showing the product with people (or part of a person), and using a well-known person in the ad. Mention of savings and the product's features or benefits is also helpful, as is the inclusion of recipes with a picture of the finished product.

Format of the Coupon Ad

The format of the coupon ad is important not only for encouraging the consumer to use coupons but also for simplifying processing and minimizing errors at every stage of the redemption process (Newspaper Advertising Bureau, 1988a). A coupon should be readily identifiable as a coupon, its dotted-line borders should be prominent, and it should not be an unusual shape or size. The coupon should also include a prominent notation at the top that it is a "MANUFACTURER'S COUPON" and either prominently display the expiration date or note "NO EXPIRATION DATE" at the top*. Important information on the coupon should be easy to read, and a UPC symbol should be included**.

---

*Manufacturers prefer that coupons bear an expiration date in order to limit the time frame for their liability and to permit short-term measures of the effectiveness of their coupon promotions. Retailers, on the other hand, prefer coupons without expiration dates, since they must absorb the cost of any expired coupons they redeem. A review of 400 coupons issued in late 1986 and early 1987 showed that expiration dates were still the norm. Just 22% of the coupons examined had no expiration date, while 18% expired in thirty days or less, 40% in three to six months, 20% in six to twelve months, and 1% in more than a year (Summary Scan, 1987).

**The substantial increase in the placement of UPC symbols on coupons is one of the most dramatic recent developments in couponing. According to Donnelly Marketing's 9th Annual Survey of Promotion Practices (1987), 46% of companies surveyed in 1986 had completed the task of placing UPC symbols on their coupons, up from only 7% in 1984. An additional 24% were definitely committed to doing so, and another 24% anticipated doing so but had not made a firm decision. More than twice as many large firms ($1 billion or more in revenues) as small firms had completed the task, 65% and 31%, respectively. However, 28% of these smaller firms were definitely committed to placing UPC symbols on their coupons, and another 33% expected to do so but had not made a firm decision (33%).

BIBLIOGRAPHY

Audit Bureau of Circulations, "Retailer Central List Aims to Help Reduce Couponing Fraud, Couponing, November, 1988(a).

Audit Bureau of Circulations, "Scanning Could Eliminate Some Misredemption," Couponer, November, 1988(b).

Audit Bureau of Circulations, 12 Steps to Maximize Security of Advertiser Coupon Material, n.d.

Babakus, Emin, Peter Tat, & William Cunningham, "Coupon Redemption: A Motivational Perspective," The Journal of Consumer Marketing, 1988.

Bawa, Kapil & Robert W. Shoemaker, "The Effects of a Direct Mail Coupon on Brand Choice Behavior," Journal of Marketing Research, 1987.

Clayton/Curtis/Cottrell, "Consumers Who Don't Use Coupons are Nippers, Ninnies, and Nuppies," Press release, September 15, 1987.

Donnelley Marketing, 9th Annual Survey of Promotional Practices, 1987.

Donnelley Marketing, Carol Wright Hispanic 1988 Marketing Survey, 1988(a).

Donnelley Marketing, Readership: The Coupon-Ad Difference and What You Can Do about It, n.d.

Donnelley Marketing, 10th Annual Survey of Promotional Practices, 1988(b).

Editor & Publisher, "Four-Color Newspaper Network Offers Coupon Plan," Editor & Publisher, October 1, 1988.

Frankel & Company, Executive Summary: 1988 Frankel Study on Promotional Attitudes and Practices, October 7, 1988.

Gallagher Report, "John Smale Ushers in Electronic Coupon Era at P&G," Gallagher Report, June 20, 1988.

Gersh, Debra, "Murdoch Gets into Couponing: Plans to Buy the Second- and Third-largest Coupon Insert Distributors, Editor & Publisher, August 20, 1988(a).

Gersh, Debra, "Publisher of Free Standing Inserts Offers Newspapers a Deal," Editor & Publisher, February 13, 1988(b).

Gersh, Debra, "Valassis Exec to Newspapers: 'Hold the Line on Rate Hikes'," Editor & Publisher, November 12, 1988(c).

Graham, Judith, "Coupons Are Money in the Bank: Check System Speeds Reimbursement, Result Tracking, Advertising Age,, November 14, 1988.

Hernandez, Sigfredo A. "An Exploratory Study of Coupon Use in Puerto Rico: Cultural vs. Institutional Barriers to Coupon Use," Journal of Advertising Research, 1988.

Hume, Scott, "Coupons Hike Use of FSIs, Direct Mail," Advertising Age, March 21, 1988(a).

Hume, Scott, "Coupons Score with Consumers," Advertising Age, February 15, 1988(b).

Kessler, Lori, "Catalina Cuts Couponing Clutter," Advertising Age, May 9, 1988.

Landsman, Dale E, "Is there creative redemption in coupon advertising?" Magazine Age, February, 1984.

Manufacturers Coupon Control Center, Coupon Distribution and Redemption Patterns, 1988(a).

Manufacturers Coupon Control Center, Distribution and Redemption Patterns, 1987(a).

Manufacturers Coupon Control Center, Health & Beauty Aids Coupon Distribution and Redemption Patterns, 1988(b).

Manufacturers Coupon Control Center, Health and Beauty Aids Coupon Distribution and Redemption Patterns, 1987(b).

New York Times, "Gannett Aims for Coupon Business," The New York Times, September 19, 1988.

Newspaper Advertising Bureau, "Making the Most of Coupon Ads," Ad Concepts, 1988(a).

Newspaper Advertising Bureau, Food Marketing Outlook: Recipe for the Future, 1988(b).

Newspaper Advertising Bureau, One Day's Mail: Advertising Mail and Its Treatment, 1987(a).

Newspaper Advertising Bureau, Coupon Facts, 1987: Cents-off Coupon Usage and Users in the U.S. and Canada, 1987(b).

Nielsen Clearing House, Coupon Distribution and Redemption Patterns, 1985(a).

Nielsen Clearing House, Health and Beauty Aids, Coupon Distribution and Redemption, 1985(b)

Nielsen Clearing House, What Consumers Think of Coupons, 1985(c).

Nielsen Marketing Research, "1988 Nielsen Review of Retail Grocery Store Trends," Progressive Grocer," October 1988.

Petersen, Laurie, "Murdoch's FSI Tie-Ins Imminent," Adweek, September 12, 1988.

St. Petersburg Times, Readership of Newspaper Inserts and Mailed Advertising among Demographic Groups, 1988.

Serafin, Raymond, "Sunday-Insert Shakeout? Valassis Exec Warns about Effect of Price War," Advertising Age, February 15, 1988.

Seventeen Magazine, Seventeen's Food Survey 1986, 1986.

Shababb, George A. "The Trial Effectiveness of Coupons," The Nielsen Researcher, 1987.

Summary Scan, "No Coupon Coup for Retailers," Promote, May 11, 1987.

APPENDIX A

SOURCES FOR BUYING NEWSPAPER COUPON ADVERTISING

1. Newspaper Representatives

A complete list of newspapers and their "reps" can be found in:

- Editor and Publisher Yearbook
  11 West 19th Street
  New York, NY 10011
  (212) 675-4380

- Standard Rate and Data Service-Newspapers
  3004 Glenview Road
  Wilmette, IL 60091
  (312) 256-6067
  (800) 323-4601

The Four-Color Newspaper Network is represented by:

- Gannett National Newspaper Sales
  535 Madison Avenue
  New York, NY 10022
  (212) 715-5300

2. Sunday Magazines

- Parade Magazine
  750 Third Avenue
  New York, NY 10017
  (212) 573-7000

- Pennywhistle Press
  Box 500P
  Washington, DC 20044
  (703) 276-3780

- Sunday Magazine Network
  260 Madison Avenue
  New York, NY 10016
  (212) 689-8200

- USA Weekend
  535 Madison Avenue
  New York, NY 10022
  (212) 715-2100

- Vista — The Hispanic Magazine
  2355 Salzedo Street, Suite 301
  Coral Gables, FL 33134
  (305) 442-2462

3. FSI National Coupon Promotion Firms

- Product Movers
  621 Avenue of the Americas
  New York, NY 10011
  (212) 337-1000

- Quad/Marketing
  1290 Avenue of the Americas
  New York, NY 10104
  (212) 603-6000

- Valassis Inserts, Inc.
  Westwood Office Park
  36111 Schoolcraft Road
  Livonia, MI 48150
  (313) 591-3000

4. ROP National Coupon Promotion Firms

- The Sunflower Group
  10895 Lowell, Suite 300
  Overland Park, KS 66210
  (913) 451-2125

- Valassis Black and White
  P. O Box 888
  Wilton, CT 06897
  (203) 834-9400

APPENDIX B

ADDITIONAL SOURCES OF INFORMATION

- Audit Bureau of Circulations
  900 N. Meacham Road
  Schaumburg, IL 60173-4968
  (312) 605-0909

- Donnelley Marketing
  70 Seaview Avenue
  P.O. Box 10250
  Stamford, CT 06904
  (203) 353-7000

- Manufacturers Coupon Control Center
  187 Danbury Road
  Wilton, CT 06897
  (203) 762-7337

  - Cherry Hill, NJ (609) 662-1235
  - Chicago, IL (312) 867-2000
  - Clinton, IA (319) 242-4505
  - Hackensack, NJ (201) 441-4666
  - Menlo Park, CA (415) 321-7700
  - Los Angeles, CA (213) 263-9994
  - New York, NY (212) 868-8830

- Nielsen Promotion Services
  A.C. Nielsen Company of Canada, Limited
  160 McNabb Street
  Markham ON L3R 4B8 Canada
  (416) 475-3344

- Newspaper Advertising Bureau
  1180 Avenue of the Americas
  New York, NY 10036
  (212) 921-5080

- Summary Scan
  Advertising Checking Bureau
  165 North Canal, Suite 1350
  Chicago, IL 60608
  (312) 648-0500